

# FISCAL NOTE

**Bill #:** HB0122

**Title:** Revise gambling automated accounting and reporting system

**Primary Sponsor:** Forrester, G

**Status:** As Introduced

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Sponsor signature

Date

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Chuck Swysgood, Budget Director

Date

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## Fiscal Summary

**Net Impact on General Fund Balance:**

\$0

\$0

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☐ Significant Local Gov. Impact

☐ Technical Concerns

☒ Included in the Executive Budget

☐ Significant Long-Term Impacts

☐ Dedicated Revenue Form Attached

☐ Needs to be included in HB 2

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## Fiscal Analysis

### ASSUMPTIONS:

1. In 1999 the Legislature passed a bill allowing the Department of Justice to install an automated accounting and reporting system (AARS) to monitor video gambling machines. Because the state's automated accounting and reporting system was to be superimposed on an existing manual system, video gambling machine owners who volunteered to link existing machines to the system had to convert them, incurring a conversion cost. The Legislature offered machine owners a tax credit of \$250 per machine to help defray the cost of the conversion if they linked machines to the AARS. It was estimated that credits would be claimed on as many as 10,000 machines at that time. Since then, some manufacturers have decided not to support/provide conversion kits for some popular machine models because of the passage of time and related device obsolescence. The department now estimates there are only 4,000 machines that will be supported for conversion by manufacturers and eligible for tax credits.
2. There was one other requirement for machine owners to claim the credit. They were required to have obtained permits for convertible machines sometime during the 12-month period ending December 31, 2001. This date requirement (calendar year 2001) to obtain a permit was set at a time when the Legislature estimated the system would be installed/available to connect machines at the beginning of calendar year 2002.
3. The AARS was not available/completed by the vendor and installed by the department at the beginning of 2002. At this writing, the system is still being tested. The department estimates a general system roll out available by June of 2003. To make certain industry volunteers can still get a tax credit when the system is ready, HB 122 proposes to change the date requirement for credit eligibility from machines permitted during the 12 month period ending December 31, 2001, to machines permitted "prior to the available connection date."
4. Even though HB122 extends the deadline for permitting eligible video gambling machines in order to claim the credit, the department assumes credits will be claimed on only 4,000 machines.

**Fiscal Note Request HB0122, As Introduced**

(continued)

5. The reduction in credits estimated to be claimed has already been built into the state's revenue estimates.
6. HB122 also requires the department to provide training for industry technicians who will install, maintain and repair video gambling machines and components connected to the automated accounting and reporting system, and to maintain a list of those who have completed training. The department will not be licensing or certifying technicians, just providing training and maintaining a list.
7. The department assumes it will be able to provide the training and maintain a list without an increase in expenditures.
8. This bill has no fiscal impact.